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C O N F I D E N T I A L SECTION 01 OF 04 BRASILIA 001113

SIPDIS

DEPARTMENT FOR D, P, T, WHA, PM, ISN, NEA, EEB

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SUBJECT: AUGUST 4-5 VISIT OF U.S. NATIONAL SECURITY ADVISOR
TO BRAZIL

REF: A. BRASILIA 1038

[B](#). BRASILIA 1092

[C](#). BRASILIA 1094

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Classified By: CHARGE D'AFFAIRES, A.I. LISA KUBISKE, REASON 1.4(B) and
(D)

[1](#)1. (C) Summary: In an August 4-5 visit to Brasilia dominated by Brazilian concerns over USG intentions and the regional implications of expanded U.S. access to Colombian military bases, National Security Advisor General James L. Jones assured senior GOB officials that President Obama desires a transparent relationship with Brazil and wants to expand our bilateral cooperation. The GOB encouraged greater U.S. dialogue and engagement with Venezuela, Bolivia, and Cuba, and more forceful U.S. action against the de facto government in Honduras. In discussions concerning the Middle East peace process, Iran, and non-proliferation, General Jones made clear to Brazilian officials that Brazil's growing international role implied taking greater responsibility. GOB officials described a Brazil that is seeking ways to expand its global economic reach: ready to become an IMF creditor, to finalize a global trade agreement, to engage in bilateral and regional cooperation on energy, and to tackle the difficult issues surrounding climate change. Although the Colombia bases issue caused longstanding regional security concerns to resurface, GOB officials were complimentary of the new Administration's initial approach to Latin America and expressed interest in looking for new ways to cooperate. End summary.

- - - Colombia Bases Dominate, with Venezuela Sub-Text - - -

[1](#)2. (SBU) General Jones, joined by State U/S for Arms Control and International Security Ellen Tauscher, Defense U/S for Acquisitions, Technology and Logistics Ashton Carter, and NSC Director for South America Luis Rosello, met with Foreign Minister Celso Amorim, Presidential Foreign Policy Marco Aurelio Garcia, Defense Minister Nelson Jobim, Casa Civil Minister (Chief of Staff) Dilma Rousseff, Mines and Energy Minister Edison Lobao, Petrobras CEO Sergio Gabrielli, Central Bank President Henrique Meirelles, and a number of other MRE, Defense, Energy, and Presidency officials, as well as senior opposition and business figures. Ref B addressed energy issues discussed during the visit.

[1](#)3. (C) The Amorim, Garcia, Rousseff, and Jobim meetings all included lengthy discussions of the Colombia bases issue.

Amorim ran through a series of questions that the news of the bases had raised, recalling alleged statements in the past by (unnamed) U.S. military officers suggesting that the Argentina-Brazil-Paraguay tri-border area might be a "legitimate U.S. target" if terrorist activity were discovered there, and that "U.S. Congressional reports" accusing Venezuela of supporting drug trafficking (a reference to a recent GAO report), combined with the stated counternarcotics mission of the bases, raised concern that they might be used to launch actions against Venezuela. Amorim said that what for the United States was "business as usual" was exacerbating tensions in a sensitive (and in Chavez's case, hypersensitive) region.

14. (C) Garcia said he appreciated the frankness of the dialogue and expected that we would overcome the current "malaise." He noted that President Lula would meet Colombian President Uribe later that week, and that Garcia had spoken with Venezuelan President Chavez about the issue; in his view, Chavez did not see it as a big problem, but the issue "smelled of Cold War" and was surprising to the GOB after the "very positive" overtures by the Administration and considering that, in his view, the FARC had never been so weak and the only security threat to the United States in Latin America comes from Mexico. Garcia dismissed the discovery in FARC hands of Swedish anti-tank weapons that had been sold to the Venezuelan government as overblown noting that the weapons were old and that, in any case, they would be of limited value since "there are no tanks in insurgency conflicts." Garcia added that he did not believe the GOV was supporting the FARC because "the FARC is involved in drug trafficking, and everyone knows that involvement with the drug trade is destructive." He noted that the current crisis is the continuation of a longstanding love-hate relationship between Colombia and Venezuela, and that this was the third

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Colombia-Venezuela crisis that he had had to deal with. Garcia stressed that Brazil's overriding interest is in ensuring a peaceful region that can live with the differences among countries, and cited this as the reason Brazil supports the Colombia-U.S. Free Trade Agreement.

15. (C) Dilma Rousseff told Gen. Jones that the GOB finds it disconcerting to be faced with questions from the press regarding why the United States needs such bases. According to Rousseff, issues such as this open the door for radicals who want to create problems in the region. Gen. Jones emphasized Colombia's need for assistance in maintaining its security against drug traffickers and the FARC, and then recounted Uribe's concerns that his fight against the FARC was made more difficult because of FARC positions in other countries. In all three meetings, Gen. Jones explained the nature of the agreement as largely formalizing the current relationship. He said he was willing to send a team of USG civilian and military officials to provide additional information, but stressed that it was unfortunate that others were playing up this issue in the press since USG officials including himself were available to talk whenever GOB officials had concerns about USG actions.

16. (C) Jobim told Gen. Jones that Brazil has great expectations of the Obama Administration, noting that transparency was a very important component of the U.S. relationship with South America. He noted that issues like the Colombia bases become more difficult when the GOB learns of them through the press, but added that Brazil, too, is often surprised by the sensitivities of "Spanish America" regarding issues that would be considered innocuous elsewhere. Gen. Jones encouraged Jobim to call if there were further doubts about U.S. intentions.

17. (C) While insisting they did not want to engage in mediation between the USG and GOV, both Garcia and Amorim used the opportunity to encourage the United States to establish "a direct channel of communication with President

Chavez." Amorim suggested that a good USG-GOV dialogue would have an impact on the domestic situation in Venezuela, as well, because much of the opposition to Chavez has ties to the United States.

- - - Other Regional Issues on Brazil,s Mind - - -

¶18. (C) With regard to Honduras, Amorim said that Chavez had wanted to make President Zelaya "a martyr," but the GOB had convinced him that "only the United States can influence what happens in Honduras" and needed to be consulted. Amorim said he had declined OAS SYG Insulza's request to participate in a foreign ministers' group, saying that the prospects had "slipped" since the Arias initiative had begun. He felt that the possibility of the de facto government rejecting yet another initiative made it too risky. Amorim described USG actions against the de facto government as "surface scratches" that were not deep enough to do damage. There had been enough concessions to Micheletti, he said. The United States needs to tell him in clear terms that he must allow Zelaya back. The situation in Honduras needs a resolution that is "both quick and peaceful," Amorim said, although he recognized the difficulty of achieving both. For his part, Garcia noted that President Zelaya would be coming to Brazil shortly, and encouraged the USG to apply stronger pressure on the de facto government to allow Zelaya to be restored to power quickly*he suggested revoking more visas. Garcia stressed that Zelaya "is not a dangerous revolutionary," that returning him to power to run the elections "will not lead to significant changes," and that the de facto government cannot be allowed to run elections.

¶19. (C) Garcia said that Brazil is seeking to increase its investment in Bolivia, and particularly to compensate for Bolivia's lost ATPDEA benefits. Amorim called removal of ATPDEA benefits "a mistake." Garcia said that there no longer appeared to be grave problems in Bolivia, but stressed that it was important for the USG to build a positive agenda with Bolivia.

¶10. (C) Garcia said that the USG "embargo" (sic) on Brazilian sales of Super Tucano aircraft in the region was "very negative" and raised serious questions in Brazil regarding defense cooperation with the United States. If the

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United States is going to place limits on what Brazil can do, then partnership "is no good" for Brazil. Tauscher and Carter explained to Garcia, as well as to Amorim and Rousseff, that the Administration recognized the need to overhaul the procedure for protecting technology. Tauscher stressed that there is no embargo and that, going forward, such decisions will be made on a case-by-case basis taking into account the impact they might have on Brazil.

¶11. (C) Jobim stressed the importance of regional stability for Brazil, but cautioned that Brazil resists being labeled the regional leader because they do not see it as helpful in resolving problems. Brazil's concessions to Paraguay on the Itaipu dam were an example of Brazil putting stability interests over commercial interests, an approach that many in Brazil criticized.

¶12. (C) Discussing Cuba, Garcia and his deputy, Amb. Marcel Biato, laid out their view that Raul Castro is more pragmatic and less ideological than Fidel, with a focus on getting short-term economic results. They see Cuba as taking a path similar to that of Vietnam under Raul, whom they acknowledged was a transitional leader. Given that the United States has a relationship with Vietnam, Garcia said, there is no reason the United States can't have a similar relationship with Cuba. In their view, Brazilian support for Cuba and efforts to "create a new niche" for Cuba in the hemisphere open additional space that Raul needs to engage the United States. They noted that their plans to help Cuba construct a deep-water port at Mariel only make sense on the assumption

that Cuba and the United States will eventually develop a trading relationship.

- - - Middle East, Iran, Non-Proliferation - - -

¶13. (C) FM Amorim and MRE Under Secretary for the Political Affairs II Roberto Jaguaribe told Gen. Jones that they had heard from the Palestinians how pleased they were with his appointment and listened keenly to his assessment of the situation following his trip to the region the previous week.

Jaguaribe said it is the GOB's view that the Israel-Palestine conflict is the key to resolving most questions in the Middle East. He stressed that Brazil was pleased with the Annapolis process, but acknowledged that neither Israel nor the Arabs seemed to want it to continue. Referring to his trip to the Middle East in 2008, Amorim highlighted the importance of engaging Syria in the process.

¶14. (C) Amorim praised the "excellent" opening to Iran made by President Obama--"If they don't respond," he asked, "then what do they want?" Amorim described the Brazil-Iran relationship as "not deep, but pragmatic" and dominated by commercial concerns. He said the nature of the relationship should not be "overvalued"--"we are not buddies"--but that there is a channel between them, and Brazil was willing to help if it can, although "not just to pressure" Iran. Petrobras CEO Gabrielli told Gen. Jones that Petrobras is terminating exploratory activity in Iran, although a small office will be left open. Amorim and other officials expressed concern that there might be an effort to prevent Iran from pursuing enrichment even for peaceful purposes, and Amorim said, in particular, that the "zero-for-zero" approach "did not sound right." Gen. Jones told both Garcia and Amorim that we would be pleased to share our views on Iran as the process moves forward.

¶15. (C) All GOB interlocutors stressed the importance of the President's initiative on disarmament, which Amorim characterized as "the best argument for non-proliferation." U/S Tauscher noted the importance of Brazil in the 2010 review conference on the NPT and asked for Brazil's assistance in making it productive. (Note: See also ref A on State/NSC discussions with GOB officials on non-proliferation. End note.)

- - - Prospects for Defense Partnership - - -

¶16. (C) Jobim highlighted the fact that Brazil's new National Defense Strategy was crafted to ensure the defense sector would be an "enabler of development." Brazil is no longer an "off the shelf" buyer of defense equipment. Rather, it wants to be a partner in joint ventures with countries that want to sell equipment. Jobim said that, as a

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lawyer and judge, he is inclined to look at precedents when considering the possibilities for technology transfer. The U.S. precedents "are not very encouraging." Tauscher and Carter acknowledged the complexity and history attached to the relationship, suggesting we focus on the way forward: a relationship of full partnership that allows both parties to prosper. (See ref C for additional reporting on their meetings.)

- - - A Dissenting View - - -

¶17. (C) Former Brazilian ambassador to London and Paris and communications minister Sergio Amaral and former agricultural minister Roberto Rodrigues criticized GOB foreign policy for being too ideological. Arguing that foreign policy had become politicized under Lula to compensate for his orthodox economic policies, Amaral described it as too lenient with South American neighbors, favoring leftist governments in the region rather than remaining in a position to resolve disputes, and focused too heavily on South-South relations and too little on relations with the United States.

Rodrigues criticized Brazil's rejection of the Free Trade Area of the Americas (FTAA), saying it had hurt the Brazilian economy.

- - - Trade and Finance - - -

¶18. (SBU) Noting the excellent relations President Lula had with President Bush, Garcia stressed the "enormous expectations" that Brazil has for President Obama, adding that he saw "extraordinary possibilities" for the United States coming out of the current economic crisis.

¶19. (C) Amorim commented that countries had gone a long way toward concluding the Doha trade round, but criticized the current U.S. position, saying it seemed to be identical to that of the last Administration. Gen. Jones stressed that the United States wants to see a "balanced and ambitious" Doha agreement, and U/S Tauscher noted the difficulty the President faced in recasting the trade agenda to the American people in the midst of a recession. Amorim said he believed the last Administration had "lost sight of the big picture," and encouraged greater political-level involvement from the USG, saying that "trade negotiations cannot be left to the trade negotiators."

¶20. (SBU) Brazilian Central Bank Governor Henrique Meirelles told Gen. Jones he anticipated the September G20 meeting would focus on regulation of the global financial system, and confirmed that although Brazil had not yet made its USD 10 billion disbursement to the IMF, "it will happen." Regarding the global financial crisis, Meirelles credited Brazil's relatively strong position in part to strong domestic demand. He also pointed to the fiscal austerity law, passed following the financial crisis of the 1990s, which brought down domestic debt and allowed Brazil to become a net foreign exchange creditor. He indicated that the bigger surprise was that Brazil had been affected as much as it was; a fact he attributed to Brazilian reliance on foreign commercial credit for financing. This problem however, had been mitigated by the low level of credit in Brazilian society, previously as low as 22 percent of GDP, now at 43 percent, compared to over 200 percent in the United States.

¶21. (C) In response to a question from Ambassador Sobel regarding the increasing discussion around countries abandoning the dollar in favor of local currencies in bilateral trade transactions, Meirelles commented that "it is happening and is operationally positive." Meirelles noted that, due to the large number of goods traded internationally that are priced in dollars, the volume of goods traded in local currency is never going to be too high.
KUBISKE